

MEMORANDUM FOR: Deputy Director of Central Intelligence  
STAT FROM :   
Chief, Administrative Law Division, OGC  
SUBJECT : Review of Agency Pay Structure

1. Although the Agency is exempt from the Classification Act, 5 U.S.C. §5102 et seq, it has, as a matter of policy and administrative convenience, mimicked that system classifying its positions for the most part under 18 grades with 10 steps per grade. Adherence to this GS system and to the GS pay scale has become second nature so that there is a greatly reduced awareness that the Agency can set up its own classification and pay system. There is great nervousness about using such Agency authority and deep concern about any deviation from the GS system.

2. It is the thesis of this paper that the GS classification approach does not adequately serve the Agency and that it is time to develop a uniquely CIA system. Adherence to the General Schedule encourages identification of CIA positions as being in or similar to those in the Civil Service. CIA employees, however, whether in the United States or abroad, at Headquarters or in the field, are not expected to work or behave as "normal government bureaucrats." They are expected to be "gung ho" rather than complaisant, to have a "can do" attitude rather than to be clock watchers, to take risks rather than to take the line of least resistance and to be sensitive to legal issues which derived from changing public attitudes and government policies without becoming immobilized.

3. Our efforts to ensure a perpetuation of the traditional Agency esprit de corps requires that Agency management consider steps which will increase identification of Agency service as being quite distinct from employment in the Civil Service or with other government agencies. It is particularly appropriate that we take such steps at the present time because there is the perception of increasing disincentive to Agency service in Headquarters and particularly in the field. At a time when the Foreign Service Act

devotes many pages to the subject of labor management relations and collective bargaining, CIA employees are required to submit to the discipline inherent in a system which imposes on restrictions on outside activities and lifestyle in the name of security. At a time when the Office of Personnel Management and the Merit Systems Protection Board are implementing procedures and court decisions which go a long way toward making government employment more a right than a privilege, CIA employees are asked to serve under a system in which there are no "rights to employment" and under which the DCI can exercise termination authority virtually unparalleled to the rest of the government. Finally, at a time when career counseling focuses on the need to enter fields characterized by growth and diversity, CIA employees are required to labor in arcane specialties and to develop narrow specializations which make them less ~~and~~ equipped to find jobs outside the intelligence field.

4. If the Agency were to reclassify all of its positions so as to remove them from the General Schedule, it would not only be sending an immediate positive signal to its employees but also would be taking a necessary first step toward increasing the flexibility of Agency management in the personnel field during the 1980's. A new system would make it more difficult for OMB to make ready comparisons between the CIA and, for example, the Department of Agriculture. It would avoid the need to adopt a patch quilt of add-on benefits beyond those available to General Schedule employees and would both encourage and facilitate management efforts to tailor a personnel system to Agency specifications in order to meet Agency problems.

5. It is neither necessary nor appropriate in this paper to argue a particular alternative classification system; since this is a subject which would benefit from more leisurely study. Nevertheless, it is possible to sketch out one or two possibilities as a point of departure for further management study and consideration.

6. The Agency could convert the GS grade and step system into a linear salary array in which each grade and step was converted into a separate grade. The new system would begin to look different from the GS schedule. Employees would be disadvantaged but the principle that increases in pay had to be earned and were in effect promotions would be reinforced. Instead of merely arraying all of the salary levels in linear fashion, the total number of grades could be reduced by elimination of the steps which now allow a person at a

lower grade to be paid more than a person at a higher grade. For example, steps 5 through 10 in GS grades 1 through 10 could be eliminated. Once a new Intelligence Officer (IO) schedule had been worked out and had been accepted internally and externally, adjustments in the pay scale could be made based upon sound personnel principles. Over time these adjustments would eliminate any possible comparison of the CIA schedule and the General Schedule. Since pay raises currently are given on a percentage basis, pay comparability can be achieved by using those same percentages to increase the Intelligence Officer schedule.

7. In lieu of the current in-grade steps, the Agency could develop functional steps. For example, to decrease the disincentive now built into overseas service, one step might be given to compensate for certain types of hazard; a second step might be given to compensate for certain adverse conditions. A step might be given for the difficulty of the assignment; a step might be given in recognition of difficult cover arrangements or a step might be given to compensate for the need to perform both an Agency and a cover job. Each of these steps would carry a particular stipend and could be allocated by management to tailor compensation to particular jobs and particular classes of Agency employees. When an employee's job changes and when an employee returns from an overseas assignment, he or she, would automatically revert to the basic Intelligence Officer grade. Such a system, would recognize that all Agency employees are different from Civil Service employees, maximize management ability to set Agency pay in a manner which will continue to attract the best qualified intelligence professionals and also would allow maximum flexibility to compensate those employees who are asked to take on difficult, dangerous or undesirable foreign assignments.

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